



# **ANNUAL REPORT 2021-22**

## **NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that Sixteenth Annual General Meeting of the Members of **Performance Chemiserve Limited** will be held on Tuesday, 2<sup>nd</sup> August 2022, at 11:00 a.m., at Registered Office of the Company at Sai Hira, Survey No. 93, Mundhwa, Pune - 411036 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2022, and the Board's Report and Report of the Auditors thereon.
2. To appoint a director in place of Shri Sailesh C Mehta (DIN: 00128204), who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

3. To re-appoint Shri U. P. Jhaveri (DIN - 00273898) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of sections 149, 152 read with schedule IV and any other applicable provisions of the Companies Act 2013, and the Companies (Appointment and Qualification of Directors), Rules 2014, {including any statutory modification(s) or re-enactment thereof for the time being in force}, Shri U. P. Jhaveri (DIN - 00273898), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under section 149(6) of the Companies Act 2013, and in respect of whom the Company has received a notice in writing under section 160 of the

Companies Act 2013, from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation and to hold office for a period of 2 consecutive years commencing from 30<sup>th</sup> June 2022.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder, Shri U. P. Jhaveri (DIN - 00273898) be paid such fees and profit-related commission as the Board may approve from time to time and subject to such limits as may be prescribed.

RESOLVED FURTHER THAT any Director, Chief Financial Officer and Company Secretary of the Company be and are hereby authorised severally to do all necessary acts and deeds to give effect to the resolution.”

4. To re-appoint Shri S. R. Wadhwa (DIN - 00228201) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of sections 149, 152 read with schedule IV and any other applicable provisions of the Companies Act 2013, and the Companies (Appointment and Qualification of Directors), Rules 2014, {including any statutory modification(s) or re-enactment thereof for the time being in force}, Shri S. R. Wadhwa (DIN - 00228201), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under section 149(6) of the Companies Act 2013, and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act 2013, from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the

Company not liable to retire by rotation and to hold office for a period of 3 consecutive years commencing from 27<sup>th</sup> March 2021.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder, Shri S. R. Wadhwa (DIN - 00228201) be paid such fees and profit-related commission as the Board may approve from time to time and subject to such limits as may be prescribed.

RESOLVED FURTHER THAT any Director, Chief Financial Officer and Company Secretary of the Company be and are hereby authorised severally to do all necessary acts and deeds to give effect to the resolution.”

5. To re-appoint Shri R Sriraman (DIN - 00228061) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of sections 149, 152 read with schedule IV and any other applicable provisions of the Companies Act 2013, and the Companies (Appointment and Qualification of Directors), Rules 2014, {including any statutory modification(s) or re-enactment thereof for the time being in force}, Shri R Sriraman (DIN - 00228061), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under section 149(6) of the Companies Act 2013, and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act 2013, from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation and to hold office for a period of 2 consecutive years commencing from 27<sup>th</sup> March 2022.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder, Shri R Sriraman (DIN - 00228061) be paid such fees and profit-related commission as the Board may approve from time to time and subject to such limits as may be prescribed.

RESOLVED FURTHER THAT any Director, Chief Financial Officer and Company Secretary of the Company be and are hereby authorised severally to do all necessary acts and deeds to give effect to the resolution.”

**For and on behalf of the Board of Directors,**



**Pankaj Gupta**

**Company Secretary**

**M. No.: FCS-9219**

**Date: 24<sup>th</sup> May 2022**

**Place: Pune**

**Registered Office:**

**Sai Hira, Survey No. 93,**

**Mundhwa, Pune 411036**

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement as required by section 102 of the Companies Act 2013, in respect of Special Business as set out above is annexed hereto.
3. Members are requested to intimate the Company change in their address, if any, with Pin Code number, quoting Registered Folio Number in respect of shares held in physical form and to their respective Depository participants in respect of shares held in electronic form citing reference of their Client Id and DP ID.
4. All Proxyholder should carry their identity card at the time of attending the Meeting.
5. Proxies register will be open for inspection during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the meeting. Inspection shall be allowed between 11.00 A.M. and 1.00 P.M.
6. The Members/Proxies should fill the Attendance Slip for attending the Meeting.

7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all the working days, except Saturdays, Sundays and public holidays, between 11.00 A.M. and 1.00 P.M., upto the date of the AGM.
8. Record date to determine entitlement of members to attend and vote at the Annual General Meeting is 29<sup>th</sup> July 2022. A person who is not a member as on the cut-off date should treat the notice for information purpose only.
9. Corporate Members intending to send their Authorised Representatives to attend the Annual General Meeting are requested to send a certified copy of the appropriate resolution, as applicable authorising their representative to attend and vote on their behalf at the Annual General Meeting.

#### **Annexure to the Notice**

Explanatory Statement as required by section 102 of the Companies Act 2013.

#### **Item No. 3:**

The shareholders of the Company, based on the recommendation of the Board of Directors, at their Annual General Meetings held in 2017 had approved the appointment of Independent Director - Shri U P Jhaveri for the first term of 5 years w.e.f. 30<sup>th</sup> June 2017 to 29<sup>th</sup> June 2022.

Shri U P Jhaveri has submitted the Declaration of Independence, as required pursuant to section 149(6) of the Companies Act 2013, stating that he meets the criteria of independence as provided in section 149(6).

In respect of the re-appointment of Shri U P Jhaveri, a notice in writing in the prescribed manner, as required under section 160 of the Companies Act 2013, and Rules made thereunder, has been received by the Company, regarding his candidature

for the office of director. He is not disqualified from being re-appointed as a director in terms of section 164 of the Act. Further, he has accorded his consent to act as director.

Information about the appointee as per Secretarial Standards are as under:

Shri U P Jhaveri is Chemical Engineer. He has experience of around 5 decades inter alia includes Project Management, Plant Operation, Troubleshooting, Reliability and Productivity Improvement etc. in Two of the prestigious Fertilizer & Petrochemicals manufacturing companies in India viz. Gujarat State Fertilizer Co. Ltd. (GSFC-1969 to 1977) and Gujarat Narmada Valley Fertilizer Co. Ltd. (GNFC – 1977 to 1996) and a leading precious metal processing unit i.e. Parekh Platinum (1996 to 1999).

#### **EXPERTISE & KNOWLEDGE**

- Plant Operations & Optimization
- Plant Reliability and Performance Improvements
- Pre-commissioning and Commissioning
- Project Management and Implementation

Pursuant to the provisions of Secretarial Standards-2 (SS-2) issued by the Institute of Company Secretaries of India, brief particulars including shareholding of the Director proposed to be re-appointed is given at the end of the Notice and forms part of the Notice.

The terms and conditions of appointment of Independent Director will be available for inspection by Members at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days of the Company up to and including the day of the meeting and same is also available on the Company's website.



None of the Directors or the Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above-mentioned resolution, except Shri U P Jhaveri.

Based on the report of performance evaluation, it is decided to re-appoint Shri U P Jhaveri for second term and therefore, the Board recommends the special resolution for approval of the Shareholders of the Company.

**Item No. 4:**

The shareholders of the Company, based on the recommendation of the Board of Directors, at their Annual General Meetings held in 2018 had approved the appointment of Independent Director - Shri S R Wadhwa for the first term of 3 years w.e.f. 27<sup>th</sup> March 2018 to 26<sup>th</sup> March 2021.

Shri S. R. Wadhwa has submitted the Declaration of Independence, as required pursuant to section 149(6) of the Companies Act 2013, stating that he meets the criteria of independence as provided in section 149(6).

In respect of the re-appointment of Shri S. R. Wadhwa, a notice in writing in the prescribed manner, as required under section 160 of the Companies Act 2013, and Rules made thereunder, has been received by the Company, regarding his candidature for the office of director w.e.f. 27<sup>th</sup> March 2021. He is not disqualified from being re-appointed as a director in terms of section 164 of the Act. Further, he has accorded his consent to act as director.

Information about the appointee as per Secretarial Standards are as under:

Shri S R Wadhwa is an MA, LLM, CAIIB by qualification and has rich background in the field of finance / tax. He was earlier the Chief Commissioner of Income-Tax, Chairman Income-Tax Settlement Commission as well as Director, CBDT Ministry of Finance, Govt. of India.

He is presently a Tax Management Consultant and a senior Advocate practicing in taxation in Delhi largely in the Income Tax Settlement Commission, Income Tax Appellate Tribunal and Delhi High Court.

Pursuant to the provisions of Secretarial Standards-2 (SS-2) issued by the Institute of Company Secretaries of India, brief particulars including shareholding of the Director proposed to be re-appointed is given at the end of the Notice and forms part of the Notice.

The terms and conditions of appointment of Independent Director will be available for inspection by Members at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days of the Company up to and including the day of the meeting and same is also available on the Company's website.

None of the Directors or the Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above-mentioned resolution, except Shri S. R. Wadhwa.

Based on the report of performance evaluation, it is decided to re-appoint Shri S R Wadhwa for second term and therefore, the Board recommends the special resolution for approval of the Shareholders of the Company.

**Item No. 5:**

The Shareholders of the Company, based on the recommendation of the Board of Directors, at their Annual General Meetings held in 2019 had approved the

appointment of Independent Director - Shri R Sriraman for the first term of 3 years w.e.f. 27<sup>th</sup> March 2019 to 26<sup>th</sup> March 2022.

Shri R Sriraman has submitted the Declaration of Independence, as required pursuant to section 149(6) of the Companies Act 2013, stating that he meets the criteria of independence as provided in section 149(6).

In respect of the re-appointment of Shri R Sriraman, a notice in writing in the prescribed manner, as required under section 160 of the Companies Act 2013, and Rules made thereunder, has been received by the Company, regarding his candidature for the office of director. He is not disqualified from being re-appointed as a director in terms of section 164 of the Act. Further, he has accorded his consent to act as director.

Information about the appointee as per Secretarial Standards are as under:

Shri R. Sriraman is a fellow member of Institute of Company Secretaries of India, fellow member of Institute of Cost Accountants of India, a Law Graduate and a Post-Graduate in Management. He has more than four decades of professional experience and had worked in Multi-national Companies (MNC).

His last assignment was in Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) as Head of Legal and Company Secretary till 20<sup>th</sup> March 2014. Currently he is also on the Board of Finolex Cables Limited.

Pursuant to the provisions of Secretarial Standards-2 (SS-2) issued by the Institute of Company Secretaries of India, brief particulars including shareholding of the Director proposed to be re-appointed is given at the end of the Notice and forms part of the Notice.

The terms and conditions of appointment of Independent Director will be available for inspection by Members at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days of the Company up to and including the day of the meeting and same is also available on the Company's website.

None of the Directors or the Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above-mentioned resolution, except Shri R. Sriraman.

Based on the report of performance evaluation, it is decided to re-appoint Shri R Sriraman for second term and therefore, the Board recommends the special resolution for approval of the Shareholders of the Company.

**For and on behalf of the Board of Directors,**



**Pankaj Gupta**  
**Company Secretary**  
**M. No.: FCS-9219**

**Date: 24<sup>th</sup> May 2022**

**Place: Pune**

**Registered Office:**  
**Sai Hira, Survey No. 93,**  
**Mundhwa, Pune 411036**

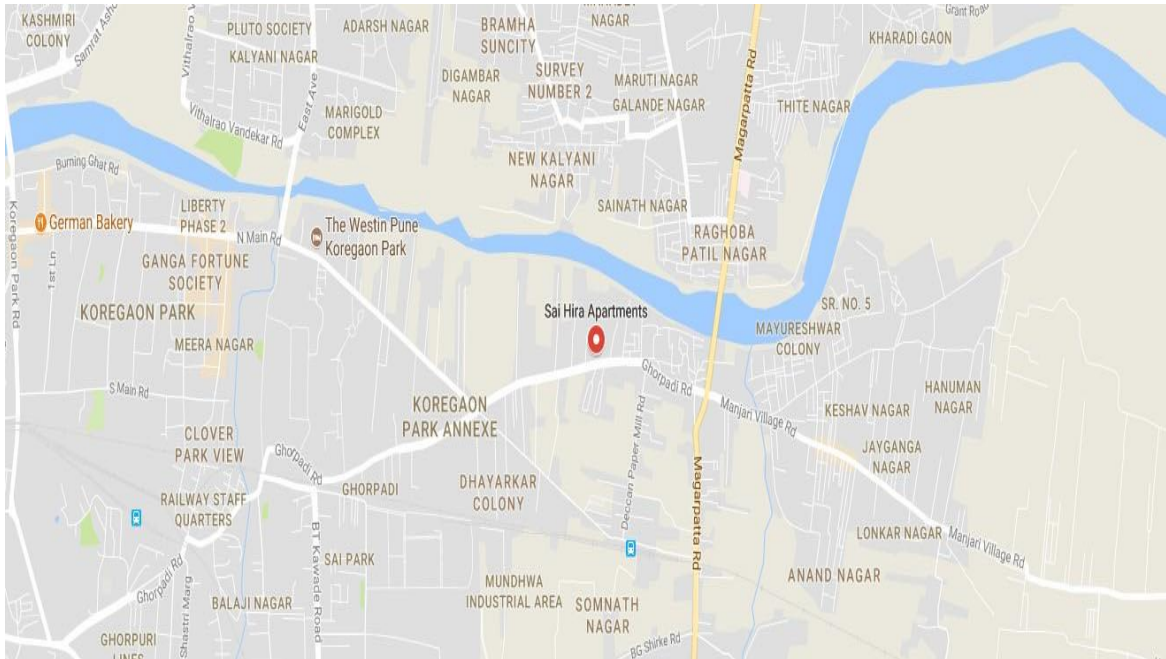
## Details of Directors seeking appointment / re-appointment at the Annual General Meeting

[In pursuance to the relevant provisions of Secretarial Standards - 2]

Name of the Director	Shri U P Jhaveri	Shri S. R. Wadhwa	Shri R. Sriraman
DIN	00273898	00228201	00228061
Date of Birth	5 <sup>th</sup> April, 1946	27 <sup>th</sup> July, 1935	21 <sup>st</sup> February, 1953
Age	76 years	86 years	69 years
Qualification	B.E. (Chem.)	M.A., LL.M, CAIIB, Master's Diploma in Public Admn.	B.Sc., F.C.S, F.I.C.W.A., B.G.L., Dip. Ind. Management
Date of Appointment	30 <sup>th</sup> June 2017	27 <sup>th</sup> March 2018	27 <sup>th</sup> March 2019
Expertise	<ul style="list-style-type: none"> <li>Plant Operations &amp; Optimisation</li> <li>Project Management and Implementation</li> </ul>	Finance / Tax	Company Law and allied Laws
Major Directorships	<ul style="list-style-type: none"> <li>Smartchem Technologies Limited</li> <li>Promantec Consultants Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Smartchem Technologies Limited (STL)</li> <li>Goblin Finance Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>Finolex Cables Limited</li> <li>Priyank Mercantile Limited</li> <li>Sandhya Commercial Ltd.</li> </ul>

Chairman / Member of the Committees in other Companies	Member - STL Audit Committee, NRC Committee	Chairman - STL Audit Committee, CSR Committee, NRC Committee	
Shareholding in the Company as on 31 <sup>st</sup> March 2022	Nil	Nil	Nil
Relationship between the Directors inter- se	Nil	Nil	Nil
Terms and Conditions of Appointment	Refer to Explanatory Statement to Resolution no. 3	Refer to Explanatory Statement to Resolution no. 4	Refer to Explanatory Statement to Resolution no. 5

**AGM VENUE**  
**Sai Hira, Survey No. 93, Mundhwa, Pune- 411036,**  
**Maharashtra, India**



## BOARD'S REPORT

**To**  
**The Members**

Your Board of Directors have pleasure in presenting the Sixteenth Annual Report together with Audited Accounts of the Company for Financial Year ended 31<sup>st</sup> March 2022.

### 1. Financial Results

The summarised financial results for the year are as under:

(Rs. in Lakhs)

Particulars	2021-22	2020-21
Total Income	1011	460
Profit Before Tax	736	412
<i>Less:-</i>		
Tax Expenses	188	111
Net Profit After Tax	548	301
Add: Balance brought forward from previous year	3245	2944
Amount Available for Appropriation	548	301
<i>Less: Transferred to General Reserve</i>	-	-
Profit carried to Balance Sheet	3789	3245

### 2. State of the Company's Affairs

#### (A) Drumming Business

The Company continued drum filling activities during the year under review. The Company has drummed of 16,238 MT chemicals during financial year 2021-22 as



compared to 11,545 MT drummed during financial year 2020-21. Volumes during this financial year 2021-22 were higher by approx. 41% compared to volumes during previous financial year. During the year under review your Company has registered Income from Operations of Rs. 470 Lakhs in comparison to Rs. 313 Lakhs in the previous financial year 2020-21. Total Income during the financial year 2021-22 had been Rs. 1011 Lakhs in comparison to Rs. 460 Lakhs in the previous financial year 2020-21. Other income during the financial year 2021-22 increased to Rs. 541 Lakhs from Rs. 147 Lakhs in the previous financial year 2020-21 mainly on account of return on investment of surplus equity fund. Profit after tax during the financial year 2021-22 had been Rs. 548 Lakhs in comparison to Rs. 301 Lakhs in the previous financial year 2020-21. The drumming business is expected to be better in coming years as the Company has started smaller size packing and increased godown capacity.

**(B) Ammonia Project**

Your Company is setting-up Ammonia Project of 1500 MTPD capacity. Your Company has acquired approx. 44 Acre Land. 42.7 acres is the contiguous land on which current plot plan has been developed. Based on the plot profile and layout developed, the project needs around 36.2 acres of land excluding green belt.

Your Company has purchased major equipments required for the Ammonia Project from Toyo Japan. Toyo India is acting as Engineering, Procurement & Construction (EPC) Contractor and Kellogg Brown and Root (KBR), USA, is providing the State-of-Art Technology for setting-up of the Ammonia Project.

The Company has received *inter alia* following major statutory approvals for Ammonia Project:

**(i) Consent to Establish (CTE)**

- (ii) Directorate of Industrial Safety and Health (DISH) Plan approval
- (iii) Building Plan approval (BPA)
- (iv) Provisional Fire NoC
- (v) IBR Approval of all FOB supplied equipment and piping
- (vi) Ultra Mega Project Status

#### Project Progress:

- Overall Project Progress was 74.75% up to March 2022 and has been in line with budgeted time and costs.
- EPC activities undergoing in full swing with progress about 95.65% in Engineering, 83.65% in Procurement and 47.42% in Construction (with overall EPC progress at 65.23%) upto March 2022.

### 3. Dividend

With a view to conserve resources for growth, your directors do not recommend any dividend for the year under review.

### 4. Transfer To Reserve

The closing balance of retained earnings of the Company for the financial year 2021-22, after all appropriations and adjustments was Rs. 3792 Lakhs. During this year, the Company has not transferred any amount to general reserve.

### 5. Share Capital

The Company requires equity fund from time to time for the proposed Ammonia Project. Accordingly, during the year under review, the Company had issued 66,565 equity shares as per below table to Smartchem Technologies Limited, Holding Company, on rights issue basis and the Company was accordingly able to raise

approx. Rs. 700 Crores through the said right issues during the year under review. The details of rights issue, during the year under review, are as under:

S. No.	Date of Issue	No. of Shares Issue	Rate per equity Shares (Rs.)	Amount (Rs.)
1	12 <sup>th</sup> April, 2021	9,781	1,02,243	100,00,38,783
2	21 <sup>st</sup> June, 2021	7,335	1,02,243	74,99,52,405
3	26 <sup>th</sup> July, 2021	18,838	1,06,168	199,99,92,784
4	9 <sup>th</sup> November, 2021	11,773	1,06,168	124,99,15,864
5	4 <sup>th</sup> January, 2022	18,838	1,06,168	199,99,92,784
<b>Total</b>		<b>66,565</b>		<b>699,98,92,620</b>

In view of the above, the paid-up share capital of the Company stands at Rs. 16,32,510/- as of the date of this report.

The Company has not issued shares with differential voting rights or sweat equity shares, nor has it granted any stock options.

## 6. Board of Directors

The composition and Category of Directors as on 31<sup>st</sup> March 2022 is as under:

Sr. No.	Name of Director	Category
1.	Shri Sailesh C. Mehta	Non - Executive Chairman
2.	Smt. Parul S. Mehta	Non - Executive Director
3.	Shri A. P. Shah	Non - Executive Director
4.	Shri M. P. Shinde	Non - Executive Director
5.	Shri U. P. Jhaveri	Non - Executive Independent Director
6.	Shri Sewak Ram Wadhwa	Non - Executive Independent Director
7.	Shri R. Sriraman	Non - Executive Independent Director
8.	Shri Partha Bhattacharyya	Non-Executive Independent Director

## **7. Re-appointment of Directors**

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, have approved the re-appointment of Shri U. P. Jhaveri, Shri S. R. Wadhwa, and Shri R. Sriraman as Independent Directors.

In the ensuing Annual General Meeting, the items in relation to re-appointment of Shri U. P. Jhaveri, Shri S. R. Wadhwa and Shri R. Sriraman as an Independent Directors are being taken up. All the information as required pursuant to the provisions of the Companies, Act 2013 are provided in the Notice of the ensuing Annual General Meeting.

## **8. A statement regarding the opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year**

As stated earlier, Shri U. P. Jhaveri, Shri S. R. Wadhwa and Shri R. Sriraman have been re-appointed as Independent Directors.

The Board is of the opinion that the aforesaid Independent Directors re-appointed on the Board of the Company, are persons of high integrity and reputation and possess the requisite expertise and experience (including the proficiency).

## **9. Cessation of Director of the Company**

Shri Raghunath M Kelkar, Director of the Company had tendered his resignation w.e.f. 18<sup>th</sup> March 2022 due to personal reasons.

The Board of Directors at its meeting held on 28<sup>th</sup> March 2022, placed on record its appreciation for the valuable contributions made by Shri Raghunath M Kelkar during his association with the Company as a Director.

## 10. Number of Board Meetings held and attendance of Directors

During the year under review, six Board Meetings were held. These meetings were held on 27<sup>th</sup> May 2021, 19<sup>th</sup> July 2021, 9<sup>th</sup> August 2021, 11<sup>th</sup> November 2021, 27<sup>th</sup> January 2022 and 28<sup>th</sup> March 2022.

The records of attendance of Directors are as under:

Sr. No.	Name of Director	No. of Board Meetings Attended
1.	Shri Sailesh C. Mehta	5
2.	Smt. Parul S. Mehta	5
3.	Shri Ashok P. Shah	6
4.	Shri Raghunath Kelkar*	4
5.	Shri M. P. Shinde	6
6.	Shri U. P. Jhaveri	6
7.	Shri S. R. Wadhwa	6
8.	Shri R. Sriraman	6
9.	Shri Partha Bhattacharyya	6

\* Resigned w.e.f. 18<sup>th</sup> March 2022.

## 11. Director retiring by rotation

Shri Sailesh C. Mehta (DIN: 00128204) retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment pursuant to the provisions of Section 152 of Companies Act, 2013.

## 12. Declarations from Independent Directors

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the Act).

### 13. Committees of Board of Directors

#### (i) Audit Committee

The Audit Committee is having following members:

- (a) Shri S R Wadhwa – Chairman
- (b) Shri U P Jhaveri – Member
- (c) Shri Ashok P Shah - Member

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

During the year under review, Six Audit Committee Meetings were held. These meetings were held on 27<sup>th</sup> May 2021, 9<sup>th</sup> August 2021, 11<sup>th</sup> November 2021, 10<sup>th</sup> December 2021, 27<sup>th</sup> January 2022 and 28<sup>th</sup> March 2022, which were attended by all the members of Audit Committee.

#### (ii) Corporate Social Responsibility Committee

The Board of Directors of the Company at its meeting held on 27<sup>th</sup> May 2021 had dissolved the CSR Committee of the Company, pursuant to the amended provisions of the Companies Act 2013 and decided to constitute it in future as per the provisions of Companies Act 2013 and Rules made there under, whenever required.

The Annual Report of the initiatives taken by the Company on CSR during the year as per Companies (Corporate Social Responsibility Policy) Rules as amended is given in the **Annexure-I** forming part of this Report.

(iii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is having following members:

- (a) Shri S R Wadhwa – Chairman
- (b) Shri U P Jhaveri – Member
- (c) Shri Ashok P Shah - Member

The terms of reference of the Nomination and Remuneration Committee are in conformity with the provisions of the Companies Act, 2013 and Rules made thereunder.

During the year under review, two meetings of Nomination and Remuneration Committee were held. These meetings were held on 27<sup>th</sup> May 2021 and 25<sup>th</sup> March 2022, which were attended by all the members of Nomination and Remuneration Committee.

The Board at its meeting held on 27<sup>th</sup> May 2021, on the recommendation of the Nomination and Remuneration Committee, has approved and adopted a Nomination and Remuneration Policy of Director, Senior Management Employees and Key Managerial Personnel.

The terms of reference of the Nomination and Remuneration Committee broadly comprises identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal and carry out evaluation of every director's performance and formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and other employees; formulating criteria for evaluation of Chairman, Directors, Board and Committees.

The Nomination and Remuneration Policy of the Company is enclosed as **Annexure - II** to this Report. A copy of Nomination and Remuneration Policy is also available on the website of the Company i.e. [www.pclindia.co.in](http://www.pclindia.co.in)

(iv) Allotment Committee

The Allotment Committee is having following members:

(a) Shri R. Sriraman\* - Chairman

(b) Ashok P Shah - Member

(c) Shri R. M. Kelkar# - Member

\* Appointed as a Chairman of the Committee w.e.f. 19<sup>th</sup> July 2021.

# Ceased to be a member of the Committee w.e.f. 18<sup>th</sup> March 2022

During the year under review, nine meetings of the Allotment Committee were held. These meetings were held on 6<sup>th</sup> April 2021, 12<sup>th</sup> April 2021, 15<sup>th</sup> June 2021, 21<sup>st</sup> June 2021, 26<sup>th</sup> July 2021, 30<sup>th</sup> October 2021, 9<sup>th</sup> November 2021, 28<sup>th</sup> December 2021 and 4<sup>th</sup> January 2022.

The records of attendance of Members of Allotment Committee are as under:

Sr. No.	Name of Member	No. of Committee Meetings Attended
1.	Shri R. Sriraman	5
2.	Shri Ashok Shah	9
3.	Shri R. M. Kelkar	7

(v) Investment Committee

The Board of Directors of the Company at its meeting held on 24<sup>th</sup> May 2022 have dissolved the Investment Committee of the Company, because the surplus funds are likely to be low / for very short period for investment since the Company is in a project execution phase, the Company is making investments of available surplus funds in



accordance with Investment Policy Guidelines (IPG) approved by the Board of Directors and there is no deviation from the approved IPG.

#### **14. Performance evaluation of Board, Committees and Directors**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of the Chairman, Individual Directors, Board as well as its Committees for FY 2021-22. The Board at its Meeting held on 24<sup>th</sup> May 2022 reviewed the reports on performance assessment of the Board, its Committees and individual directors and found them to be satisfactory.

The evaluation has been carried out with the help of independent external agency employing software driven data compilation and analysis.

#### **15. Meeting of Independent Directors**

The Independent Directors met on 25<sup>th</sup> March 2022, inter-alia, to discuss the quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties. All the Independent Directors were present at the Meeting.

Further, subsequent to close of financial year 2021-22, the Independent Directors met on 23<sup>rd</sup> May 2022, to inter alia, to discuss and review the following:

- (i) The performance of Non-Independent Directors and the Board of Directors as a whole.
- (ii) The performance of Chairman of the Company, taking into account the views of executive director and non-executive directors

All the Independent Directors were present at the Meeting.

## **16. Changes in Key Managerial Personnel (KMP)**

During the year under review, there were no changes in key managerial personnel.

## **17. Directors' Responsibility Statement**

Pursuant to the provisions of sub-section (5) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) the accounting policies had been applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year on 31<sup>st</sup> March 2022 and of the profit and loss of the Company for that period.
- iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the annual accounts had been prepared on a going concern basis; and
- v) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **18. Statutory Auditors and their Report**

The Members of the Company at the 12<sup>th</sup> Annual General Meeting held on 13<sup>th</sup> August 2018, have accorded their consent to appoint M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W), as Statutory

Auditors of the Company for a period of five years from the conclusion of 12<sup>th</sup> Annual General Meeting until the conclusion of 17<sup>th</sup> Annual General Meeting of the Company.

The Auditors' Report to the members for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

#### **19. Details in respect of frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

#### **20. Secretarial Audit Report and Secretarial Auditor**

The Secretarial Auditor, M/s. Jog Limaye & Associates, Practising Company Secretaries, has issued Secretarial Audit Report for the financial year 2021-22, pursuant to the provisions of Section 204 of the Companies Act, 2013, which is annexed to this Board's Report (Refer **Annexure - III**).

The Secretarial Audit Report to the members for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

Your Board of Directors have appointed M/s. Jog Limaye & Associates, Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2022-23 at their meeting held on 24<sup>th</sup> May 2022.

#### **21. Internal Auditor**

V. P. Mehta & Co. are the internal auditors of the Company in compliance with Section 138 of the Companies Act, 2013 and rules made thereunder.

## **22. Adequacy of Internal Financial Controls**

Your Company's internal control systems are commensurate with the nature, size, and complexity of the businesses and operations. These are routinely tested and certified by Statutory as well as Internal Auditor. Significant audit observations and follow-up actions are reported to the Audit Committee.

## **23. Subsidiary, Associate Company and Joint Venture Company**

There is no Subsidiary, Associate Company and Joint Venture Company of the Company

## **24. Particulars of Loan, Guarantee and Investments**

Details of Investment and Loans advanced by the Company, if any, have been given in Notes to the Financial Statement.

The Company has not given any guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

## **25. Annual Return**

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at [www.pclindia.co.in](http://www.pclindia.co.in)

## **26. Related Party Transactions**

The Company has entered into contract / arrangement with related parties in the ordinary course of business and at arm's length basis. Thus, provisions of Section 188(1) of the Companies Act, 2013 are not applicable.

**27. Public Deposits**

The Company has not accepted any deposits, covered under Chapter V of the Companies Act, 2013 and hence no details pursuant to Rules 8 (v) and (vi) of the Companies (Accounts) Rules, 2014 are reported.

**28. Material Changes and Commitments**

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

**29. Significant and Material Orders passed by the Regulators or Courts**

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

**30. Conservation of energy, technology absorption and foreign exchange earnings and outgo**

As required by the Companies (Accounts) Rules, 2014 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the **Annexure - IV** forming part of this Report.

**31. Industrial Relation**

Industrial Relations during the year under review continued to be cordial.

**32. Particulars of employees and related disclosures**

During the year under review, there was no employee who was covered under Section 197 of the Companies Act, 2013 and the Rules made thereunder.

**33. Risk Management**

The Company has put in place an adequate and effective risk reporting system. In the opinion of the Board, there are no residual risks, which would threaten the existence of the Company.

The Ultimate Holding Company i.e. Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) has framed a Risk Management Policy with an intention to systematically identify, evaluate, mitigate and monitor risks in the Company and its subsidiaries / associates.

Through the Risk Management Policy of DFPCL, the Company has put in place an adequate and effective risk reporting system.

**34. Acknowledgement**

Your directors wish to place on record their sincere appreciation to the Governmental authorities and other stakeholders for their continued support during the year.

**For and on behalf of the Board of Directors,**



Sailesh C. Mehta

Chairman

DIN: 00128204

Place: Pune

Date: 24<sup>th</sup> May 2022

**Annexure-I**

**ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED**  
**31<sup>ST</sup> MARCH 2022**

1. Brief outline on CSR Policy of the Company:

Performance Chemiserve Limited ("PCL" or "the Company") is committed to serving the society it operates in. The Company conducts several outreach programmes around its Establishment.

While the CSR projects and programs to be undertaken by the Company shall include activities falling within the preview of schedule VII of Companies Act, 2013, the focus will be on the following broad themes:

- a) Women empowerment through vocational training (skill development) and livelihood Programmes
- b) Health and
- c) Education.

The underlying objective for the aforesaid themes is aimed at making people self-reliant through economic and social empowerment, providing employable skills and social entrepreneurship opportunities to youth and women to ensure livelihood for economic betterment and social development of themselves and their families, instilling pride and confidence (in the target population) to take on future challenges.

Health initiatives, culture and heritage support programmes have also formed Company's ancillary focus areas. Improving the quality and infrastructure in the educational institutions has also been the Company's priorities.

2. Composition of CSR Committee:

The constitution of CSR Committee, pursuant to the provisions of Section 135 (9) of the Companies Act, 2013, is no longer applicable to the Company. Accordingly, all the function of CSR Committee is being performed by the Board of Directors of the Company.

3. The details of CSR Policy and CSR projects approved by the board are disclosed on the website of the Company, the web-links of the same are as provided below:

CSR Policy: [PCL-CSR-Policy.pdf \(pclindia.co.in\)](http://pclindia.co.in/PCL-CSR-Policy.pdf)

CSR projects: [PCL-CSR-Approved-Project-FY-2021-22.pdf \(pclindia.co.in\)](http://pclindia.co.in/PCL-CSR-Approved-Project-FY-2021-22.pdf)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

**Not applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (Rs. in Lakhs)	Amount required to be set-off for the financial year, if any (Rs. in Lakhs)
Nil			

6. Average net profit of the company as per section 135(5): Rs. 305 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5):  
Rs. 6.10 Lakhs



(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c): Rs. 6.10 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in Lakhs)	Amount Unspent (Rs. in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
6.10	Nil	N.A.	N.A.	Nil	N.A.

Details of CSR amount spent against **ongoing projects** for the financial year:

S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
NIL					

Project duration	Amount allocated for the project (Rs. in Lakhs)	Amount spent in the current financial Year (Rs. in Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. in Lakhs)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
					Name	CSR Registration number
(vi)	(vii)	(viii)	(xi)	(x)	(xi)	
NIL						

(b) Details of CSR amount spent against **other than ongoing projects** for the financial year:

S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
1	Livelihood Enhancement Through Entrepreneurship Development	Livelihood Enhancement	Yes	Maharashtra	Raigad

Amount spent for the project (Rs. in Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
		Name	CSR Registration Number
(vi)	(vii)	(viii)	
6.10	No.	Ishanya Foundation	CSR00000211

(c) Amount spent in Administrative Overheads: Nil

(d) Amount spent on Impact Assessment, if applicable: Nil

(e) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 6.10 Lakhs

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (Rs. in Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	6.10
(ii)	Total amount spent for the Financial Year	6.10
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (Rs. in Lakhs)	Amount spent in the reporting Financial Year (Rs. in Lakhs)
(i)	(ii)	(iii)	(iv)
NIL			

Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (Rs. in Lakhs)
Name of the Fund	Amount (Rs. in Lakhs)	Date of transfer.	
(v)	(vi)	(vii)	(viii)
NIL			

- (b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

S. No.	Project ID	Name of the Project	Financial Year in Which the project was commenced	Project duration
(i)	(ii)	(iii)	(iv)	(v)
NIL				

Total amount allocated for the project (Rs. in Lakhs)	Amount spent on the project in the reporting Financial Year (Rs. in Lakhs)	Cumulative amount spent at the end of reporting Financial Year (Rs. in Lakhs)	Status of the project - Completed /Ongoing
(vi)	(vii)	(viii)	(ix)
NIL			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

**(asset-wise details).**

- (a) Date of creation or acquisition of the capital asset(s): N.A.
- (b) Amount of CSR spent for creation or acquisition of capital asset: N.A.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: N.A.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A.



S. R. Wadhwa  
Director



Parul S. Mehta  
Director

24<sup>th</sup> May 2022

\*\*\*\*\*

## Annexure – II

### **NOMINATION AND REMUNERATION POLICY**

#### **1. Introduction**

The Nomination and Remuneration Policy (“Policy”) of the Company has been formulated in accordance with the provisions of Companies Act, 2013 and sets out the criteria to pay remuneration to the Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company.

#### **2. Objective and Scope**

The Key Objectives and scope of the Nomination & Remuneration Committee would be:

- a) To formulate the criteria for determining qualifications, positive attributes and independence for appointment and removal of a director.
- b) To recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and Senior Management Personnel which involves a balance between the fixed and incentive pay reflecting short-term and long-term objectives appropriate to the working of the Company and its goals.

#### **3. Definitions**

‘Act’ means Companies Act, 2013 and Rules made thereunder.

**“Board”** means Board of Directors of the Company.

**‘Committee’** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

**“Company”** means Performance Chemiserve Limited (PCL).

**“Independent Director”** means a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013.

**“Key Managerial Personnel”** means Key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director or Executive Director or Chief Executive Officer or Manager
- (ii) Whole-time Director
- (iii) Company Secretary
- (iv) Chief Financial Officer; and
- (v) such other officer as may be prescribed.

**“Policy”** means Nomination and Remuneration Policy.

**“Senior Management”** means personnel of the Company who are members of its core management team (Internal Board) excluding the Board of Directors.

#### **4. Functions of Committee:**

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

- a. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- b. To recommend to the Board a policy for following:
  - (i) Determining qualifications, positive attributes and independence of a director.
  - (ii) Remuneration for the Directors, Key Managerial Personnel and Senior Management.
  - (iii) Remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  - (iv) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - (v) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
  - (vi) Performance evaluation of Independent Directors and the Board

The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the committee authorised by the Chairperson in this behalf shall attend the general meetings of the company.

Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorised to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.



## 5. Membership

- (i) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- (ii) The quorum shall be either two members or one third of the members of the Committee whichever is higher.
- (iii) Membership of the Committee shall be disclosed in the Annual Report.
- (i) Term of the Committee shall be continued unless terminated by the Board of Directors.

## 6. Chairperson

- (i) Chairperson of the Committee shall be an Independent Director.
- (ii) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- (iii) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

## 7. Frequency of Meeting

The meeting of the Committee shall be held at such regular intervals as may be required.

## 8. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

## 9. Minutes of Committee Meeting

Proceedings of all meetings shall be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

## 10. Policy for appointment and removal of Director Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”)

### (A) Appointment criteria and qualifications for Director, KMP and SMP

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise, positive attributes and experience of the person for appointment as Director and recommend to the Board his / her appointment.
- (ii) The President (HR) of the Company / Ultimate Holding Company, Deepak Fertilisers and Petrochemicals Corporate Limited, under the overall superintendence and control of the Chairperson will undertake the process of appointment of KMP and/or SMP based on the roles and responsibilities of the position, the skill sets, attributes, seniority, experience and such other parameters required.
- (iii) Upon finalisation of appointment of a person for the position of KMP and/or SMP by the Chairperson of the Company and the acceptance of the offer by the candidate, the same shall be put up to the Committee and/or the Board for its confirmation post which the letter of appointment shall be issued to KMP and/or SMP, as the case may be.

### (B) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act and Rules thereunder, the Committee may recommend to the Board

with reasons recorded in writing, removal of a Director and/or the KMP subject to the provisions and compliance of the applicable Acts and Rules. However, the decision to remove the SMP shall be taken by the Chairperson of the Company.

**(C) Retirement**

The Director, KMP and SMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. While the Board will have the discretion to retain the Director, the discretion to retain KMP and/or SMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company shall vest with the Chairperson of the Company.

**11. Policy relating to the Remuneration**

**(A) General for the Whole time Director:**

- (i) The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company, if required.
- (ii) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the provisions of the Act.
- (iii) Term / Tenure of the Directors shall be as per the Company's policy and subject to the provisions of the Act.

**(B) Remuneration to Whole-time / Executive / Managing Director:**

- (i) Fixed pay:

The Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P. F.,

pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/the Person authorised by the Board and approved by the shareholders, if required.

(ii) Commission

Commission may be paid within the limits approved by shareholders.

(iii) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act.

(iv) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval required under section 197 of the Companies Act, 2013, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.

(C) Remuneration to Non- Executive / Independent Director:

(i) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Act.

(ii) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall be decided by the Board and subject to the limit as provided in the Act.

(iii) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

**(D) Remuneration to Key Managerial Personnel and Senior Management Personnel:**

The remuneration of KMP and SMP shall be determined by the management of the Company as per their roles and responsibilities in the organization, skill sets, seniority, experience, the last drawn remuneration and prevailing remuneration for equivalent jobs.

Broadly, the remuneration structure of KMP and SMP shall include the following components:

- (i) Basic pay
- (ii) HRA
- (iii) Allowances

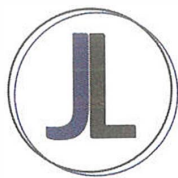
- (iv) Perquisites and Benefits
- (v) Retiral benefits
- (vi) Performance Bonus i.e. incentive pay on the basis of the performance of the KMPs and SMPs.

with liberty to the management to allocate the amounts towards various salary components subject to there being no change in the overall Cost to the Company.

## 12. Amendments

This Policy may be amended by the Board at any time and is subject to amendments to the Companies Act, 2013 (the Act 2013).

\* \* \* \* \*



# Jog Limaye & Associates

## Practicing Company Secretaries

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

**PERFORMANCE CHEMISERVE LIMITED**

Sai Hira, Survey No.93, Mundhwa,  
Pune-411036, Maharashtra, India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Performance Chemiserve Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:





# Jog Limaye & Associates

## Practicing Company Secretaries

- (i) The Companies Act, 2013 (the Act) amended from time to time and the Rules, Notifications and Circulars issued thereunder (in so far as they are made applicable).

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by "The Institute of Company Secretaries of India".

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

Notice is given to all Directors to schedule the Committee and Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Generally, decisions at the Committee and Board Meeting are being taken with the unanimous approval of the Members and Directors. However, the views of all the dissenting Members / Directors, if any, have been captured and recorded in the minute book.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.







# Jog Limaye & Associates


## Practicing Company Secretaries

### We further report that

At the Annual General Meeting of the Company held on 25th August 2021, following business were transacted:

- (1) The Shareholders passed an Ordinary Resolution to receive, consider and adopt audited financial statements of the Financial Year ended 31<sup>st</sup> March 2021, and the Board's Report and Auditor's Report thereon.
- (2) The Shareholders passed an Ordinary Resolution to appoint a Director in place of Shri Raghunath M. Kelkar (DIN: 03628300), who retires by rotation and being eligible, offers himself for re-appointment.
- (3) The Shareholders passed an Ordinary Resolution to appoint Smt. Parul S. Mehta (DIN: 00196410), who retires by rotation and being eligible, offers herself for re-appointment.
- (4) The Shareholders passed an Ordinary Resolution to appoint Shri M. P. Shinde (DIN - 06533004) as a non-executive and non-independent Director.

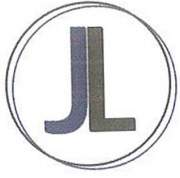
**For Jog Limaye & Associates  
Company Secretaries**

  
**Mandar Shrikrishna Jog**  
**Partner**

**M. No. F9552**  
**CP No. - 9798**  
**UDIN: F009552D000301327**  
**PR- 738/2020**

**Date - 11.05.2022**  
**Place - Pune**

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.



# Jog Limaye & Associates

## Practicing Company Secretaries

### 'ANNEXURE A'

To,

The Members,  
Performance Chemiserve Limited  
Sai Hira, Survey No.93,  
Mundhwa, Pune 411036

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Jog Limaye & Associates  
Company Secretaries

  
Mandar Shrikrishna Jog  
Partner  
M. No. F9552  
CP No. - 9798  
UDIN: F009552D000301327  
PR- 738/2020  
Place - Pune



**Annexure – IV**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014**

**A. CONSERVATION OF ENERGY**

- a. The steps taken or impact on conservation of energy -

The Company is committed towards energy conservation and Ammonia Plant's design and engineering has taken into consideration the energy conservation features resulting in one of the most modern ammonia plant technology coming up with lowest energy consumption.

- b. the steps taken by the Company for utilising alternate sources of energy – Refer (a) above.
- c. the capital investment on energy conservation equipments – Refer (a) above.

**B. TECHNOLOGY ABSORPTION**

1. Efforts in brief, made towards Technology Absorption, Adaptation and Innovation – Refer {A (a)} above.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. – Production is yet to be started.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished – N.A.
4. The expenditure incurred on Research & Development – Refer {A (a)} above.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no Foreign Exchange Earnings. The total Foreign Currency Expenditure during the year under review were Rs. 3633.10 Lakhs. The details of the same is as under:

Particulars	Amount in Lakhs
Advance for Capital Assets/Capital Assets	3147.64
Consultancy and Professional Fees	-
License Fees	485.46
Repairs and Maintenance	-
<b>Total Foreign Exchange outgo</b>	<b>3633.10</b>

For and on behalf of the Board of Directors,



Sailesh C. Mehta

Chairman

DIN: 00128204

Place: Pune

Date: 24<sup>th</sup> May 2022

# **B. K. Khare & Co.**

## **Chartered Accountants**

706/708, Sharda Chambers, New Marine  
Lines, Mumbai – 400 020, India

### **INDEPENDENT AUDITORS' REPORT**

**To the members of Performance Chemiserve Limited**

**Report on the audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying Financial Statements of **Performance Chemiserve Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.



# B. K. Khare & Co.

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Impairment of Assets	
The Company has significant Capital Work in Progress relating to the Ammonia Project.	Our audit approach and procedures included: <ul style="list-style-type: none"><li>• Evaluated the reasonableness of management's conclusions on key assumptions, including forecast cash flows focusing on revenues and earnings, assessing the appropriateness of discount rates, historical and budgetary Financial Information, current market conditions and growth rates.</li><li>• Assessed the reliability of management's forecast, whilst considering the risk of management bias.</li><li>• Evaluated the appropriateness of impairment model prepared by the management.</li></ul>
As the amount is significant, an assessment of carrying value of assets of Ammonia Project is required.	

### Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



# B. K. Khare & Co.

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### Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



# B. K. Khare & Co.

## Chartered Accountants

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
  - (g) The Company has not paid/provided any remuneration to managerial personnel as defined in the Act. Accordingly, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable to the Company.





**B. K. Khare & Co.**  
**Chartered Accountants**

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 32(a) to the Financial Statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (a) and (b) contain any material misstatement; and
  - (v) The Company has not declared /paid/declared and paid any dividend during the year.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W



**Himanshu Goradia**  
Partner  
Membership No. 045668  
UDIN: 22045668AJPDCE4410  
Place: Mumbai  
Date: May 24, 2022



# **B. K. Khare & Co.**

## **Chartered Accountants**

### **Annexure A to the Independent Auditors' Report**

[Referred to in paragraph 2(f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date]

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **Performance Chemiserve Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.



# **B. K. Khare & Co.**

## **Chartered Accountants**

### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W



**Himanshu Goradia**

Partner

Membership No. 045668

UDIN: 22045668AJPDCE4410

Place: Mumbai

Date: May 24, 2022



# **B. K. Khare & Co.**

## **Chartered Accountants**

### **Annexure B to the Independent Auditors' Report**

[Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date]

1. (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
  
(B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.  
  
(b) The Company has a regular programme of physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified certain property, plant and equipment during the year and no material discrepancies were noticed on such verification.  
  
(c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.  
  
(d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.  
  
(e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
2. (a) The Company does not hold any inventory. Accordingly, the reporting under Clause 3(ii)(a) of the Order is not applicable to the Company.  
  
(b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year.
3. According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.
4. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.





## B. K. Khare & Co. Chartered Accountants

5. According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.
6. The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.
7. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of outstanding statutory dues in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at March 31, 2022, which have not been deposited with the appropriate authorities on account of any dispute. The statutory dues in respect of Income-tax and Goods and Services Tax as at March 31, 2022, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the statute	Nature of the dues	Amount Rs. lakhs*	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income-tax	62.45	Assessment Year 2018-2019	Commissioner of Income Tax (Appeals)
The Goods and Services Tax Act, 2017	Goods and Services Tax	15.01	Financial Year 2017-2018	Deputy Commissioner

\*Net of amounts paid including under protest

8. According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.



**B. K. Khare & Co.**  
**Chartered Accountants**

9. (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.
- (c) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long- term purposes as at the Balance Sheet date.
- (e) The Company does not have any subsidiaries, joint ventures or associates. Accordingly, the reporting under Clauses 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.
10. (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
11. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
12. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act.



**B. K. Khare & Co.**  
**Chartered Accountants**

14. (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.
16. (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us, we report that the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has no Core Investment Companies.
17. In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
18. There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
20. (a) According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.



**B. K. Khare & Co.**  
Chartered Accountants

- (b) According to the information and explanations given to us, there are no ongoing projects relating to corporate social responsibility. Accordingly, the reporting under Clause 3(xx)(b) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W



**Himanshu Goradia**

Partner

Membership No. 045668

UDIN: 22045668AJPDCE4410

Place: Mumbai

Date: May 24, 2022





**Performance Chemiserve Limited**  
**Balance Sheet as at 31 March 2022**  
(All Amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2022	31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,324	8,181
Right-of-use assets	4	18,756	11,187
Capital work-in-progress	5	1,93,897	1,22,048
Intangible assets	6	28	34
Financial assets			
i. Other financial assets	13	2,276	1,420
Deferred tax assets (net)	7	31	-
Income tax assets (net)		50	90
Other non-current assets	8	30,762	18,147
<b>Total non-current assets</b>		<b>2,48,123</b>	<b>1,61,107</b>
<b>Current assets</b>			
Financial assets			
i. Investments	9	3,590	487
ii. Trade receivables	10	108	229
iii. Cash and cash equivalents	11	5,029	2,848
iv. Bank balances other than (iii) above	12	11,320	990
v. Other financial assets	13	1,298	740
vi. Other current assets	14	-	-
<b>Total current assets</b>		<b>21,345</b>	<b>5,294</b>
<b>Total assets</b>		<b>2,69,468</b>	<b>1,66,401</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	16	10
Other equity	16	1,41,908	69,969
<b>Total equity</b>		<b>1,41,924</b>	<b>69,979</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
i. Borrowings	17	1,11,396	86,909
Deferred tax liabilities (net)	20	-	57
<b>Total non-current liabilities</b>		<b>1,11,396</b>	<b>86,966</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Trade payables	18		
(a) total outstanding dues of micro and small enterprises		98	4
(b) total outstanding dues of creditors other than micro and small enterprises		155	36
ii. Other financial liabilities	19	15,473	9,353
Other current liabilities	21	422	63
<b>Total current liabilities</b>		<b>16,148</b>	<b>9,456</b>
<b>Total liabilities</b>		<b>1,27,544</b>	<b>96,422</b>
<b>Total equity and liabilities</b>		<b>2,69,468</b>	<b>1,66,401</b>
Significant Accounting Policies	1 - 2		
The accompanying notes form an integral part of the financial statements	3 - 37		

As per our report of even date attached

For and on behalf of the Board of Directors of  
Performance Chemiserve Limited

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration No. 105102W

S. C. Mehta  
Chairman  
DIN:00128204

Upendra Patro  
Chief Financial Officer

Himanshu Goradia  
Partner  
Membership No. 045668

Ashok Shah  
Director  
DIN:00196506

Pankaj Gupta  
Company Secretary  
Membership No: F-9219

Place: Mumbai  
Date: 24 May 2022

Place: Pune  
Date: 24 May 2022



**Performance Chemiserve Limited**  
**Statement of Profit and Loss for the year ended 31 March 2022**  
 (All Amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2022	31 March 2021
Revenue from operations	22	470	313
Other income	23	541	227
<b>Total income</b>		<b>1,011</b>	<b>540</b>
<b>Expenses</b>			
Employee benefits expense	24	27	14
Finance costs	25	2	-
Depreciation and amortisation expenses	26	8	49
Other expenses	27	238	65
<b>Total expenses</b>		<b>275</b>	<b>128</b>
<b>Profit before tax</b>		<b>736</b>	<b>412</b>
Tax expense			
- Current tax		276	18
- Deferred tax		(88)	93
<b>Total tax expense</b>	34	<b>188</b>	<b>111</b>
<b>Profit for the year</b>		<b>548</b>	<b>301</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>548</b>	<b>301</b>
Earning per Equity Share: Face value Rs. 10 each	35		
(i) Basic (in Rs)		410.18	353.32
(ii) Diluted (in Rs)		410.18	353.32

Significant Accounting Policies

1 - 2

The accompanying notes form an integral part of the financial statements

3 - 37

As per our report of even date attached

For and on behalf of the Board of Directors of  
Performance Chemiserve Limited

For B. K. Khare & Co.  
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Chief Financial Officer

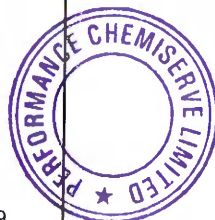
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Pankaj Gupta  
Company Secretary  
Membership No: F-9219

Place: Mumbai  
Date: 24 May 2022

Place: Pune  
Date: 24 May 2022



**Performance Chemiserve Limited**  
**Statement of Cash Flows for the year ended 31 March 2022**  
(All Amounts in ₹ Lakhs unless otherwise stated)

	31 March 2022	31 March 2021
<b>Cash flow from operating activities</b>		
Profit before tax	736	412
<b>Adjustments for</b>		
Depreciation and amortisation expense	8	50
Net gain on sale of investments	(315)	(22)
Finance costs	2	-
Interest income	(226)	(125)
Unrealised foreign exchange differences	165	(21)
<b>Cash generated from operations before working capital changes</b>		
Change in trade receivables	121	128
Change in trade payables	12	28
Change in other financial liabilities	9	(22)
Change in other financial assets	(731)	15
Change in other current liabilities	359	(38)
<b>Cash generated from operations</b>	<b>140</b>	<b>405</b>
Income taxes paid	(242)	(22)
<b>Net cash (used in)/from operating activities</b>	<b>(102)</b>	<b>383</b>
<b>Cash flow from investing activities</b>		
Purchases of property, plant and equipment, intangible assets and capital work-in-progress	(64,340)	(9,520)
Purchases of investments	(58,980)	(555)
Proceeds from sale of investments	56,191	1,101
Fixed deposits placed	(11,270)	(990)
Fixed deposits matured	940	171
Interest received	177	125
<b>Net cash (used in) investing activities</b>	<b>(77,282)</b>	<b>(9,668)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issues of shares	69,999	22,499
Proceeds from borrowings - non current	24,487	1,828
Share issue costs	(4)	-
Interest paid	(14,917)	(14,017)
<b>Net cash from financing activities</b>	<b>79,565</b>	<b>10,309</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,181</b>	<b>1,024</b>
Cash and cash equivalents at the beginning of the year	2,848	1,825
<b>Cash and cash equivalents at the end of the year</b>	<b>5,029</b>	<b>2,848</b>

The accompanying notes form an integral part of the financial statements.

The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

As per our report of even date attached

For and on behalf of the Board of Directors of  
Performance Chemiserve Limited

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration No. 105102W

S. C. Mehta  
Chairman  
DIN:00128204

Upendra Patro  
Chief Financial Officer

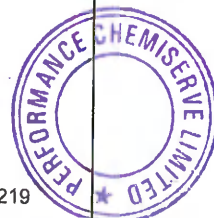
Himanshu Goradia  
Partner  
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Ashok Shah  
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DIN:00196506

Pankaj Gupta  
Company Secretary  
Membership No: F-9219

Place: Mumbai  
Date: 24 May 2022

Place: Pune  
Date: 24 May 2022



**Performance Chemiserve Limited**  
**Statement of Changes in Equity for the year ended 31 March 2022**

(All Amounts in ₹ Lakhs unless otherwise stated)

**A. Equity Share Capital**

	31 March 2022	31 March 2021
Balance at the beginning of the year	10	7
Changes in Equity Share Capital due to prior period errors	-	-
<b>Restated balance at the beginning of the current reporting period</b>	<b>10</b>	<b>7</b>
Changes in equity share capital during year	6	3
<b>Balance at the end of the year</b>	<b>16</b>	<b>10</b>

**B. Other Equity**

	Reserves and surplus				Total
	Securities premium	Retained earnings	General reserve	Fair value of financial guarantee	
<b>Balance as at 1 April 2020</b>	<b>41,874</b>	<b>2,944</b>	<b>147</b>	-	<b>44,965</b>
Changes in accounting policy or prior period error	-	-	-	-	-
<b>Restated balance at the beginning of the current reporting period</b>	<b>41,874</b>	<b>2,944</b>	<b>147</b>	-	<b>44,965</b>
Profit for the year	-	301	-	-	301
<b>Total comprehensive income for the year</b>	-	<b>301</b>	-	-	<b>301</b>
Securities premium on share issue	22,496	-	-	-	22,496
Fair value of financial guarantee	-	-	-	2,207	2,207
<b>Balance as at 31 March 2021</b>	<b>64,370</b>	<b>3,245</b>	<b>147</b>	<b>2,207</b>	<b>69,969</b>
Profit for the year	-	548	-	-	548
<b>Total comprehensive income for the year</b>	-	<b>548</b>	-	-	<b>548</b>
Securities premium on share issue	69,993	-	-	-	69,993
Share issue costs	(4)	-	-	-	(4)
Fair value of financial guarantee	-	-	-	1,402	1,402
<b>Balance as at 31 March 2022</b>	<b>1,34,359</b>	<b>3,793</b>	<b>147</b>	<b>3,609</b>	<b>1,41,908</b>

Note: \* (1) Equity component of the Guarantee issued by holding company accounted for on fair value basis.

Note: Refer Note 16 for nature and purpose of other equity.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of  
Performance Chemiserve Limited

For B. K. Khare & Co.  
Chartered Accountants  
Firm Registration No. 105102W

S. C. Mehta  
Chairman  
DIN:00128204

Upendra Patro  
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Ashok Shah  
Director  
DIN:00196506

Pankaj Gupta  
Company Secretary  
Membership No: F-9219



Place: Mumbai  
Date: 24 May 2022

Place: Pune  
Date: 24 May 2022

# PERFORMANCE CHEMISERVE LIMITED

CIN:- U24239PN2006PLC022101

Notes to the financial Statements for the year ended 31 March 2022

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## 1. CORPORATE INFORMATION

Performance Chemiserve Limited ("the Company") is engaged in the business of drumming of chemical, IPA and is having its registered office at Sai Hira, Survey No.93, Mundhwa, Pune 411036 and carries its drumming operations at its plant located at K – 6 Block, Taloja MIDC, Navi Mumbai – 410208. The Company is in the process of setting up ammonia plant at Taloja with Capacity of 1500 TPD.

## 2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of Preparation:

#### i. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.





**ii. Historical cost convention**

- a) The Financial Statements have been prepared on historical cost basis, except the following:
- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
  - Assets held for sale – measured at fair value less cost to sell; Defined benefit plans – plan assets measured at fair value; and
- b) The financial statements are presented in Indian Rupees ("INR"), which is also the Company's functional currency and all values are rounded off to the nearest lakhs, except when otherwise indicated. Wherever, an amount is presented as INR '0' (zero) it construes value less than Rs 50,000.

**(b) Significant accounting estimates, assumptions and judgements.**

The preparation of the financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures, and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

**Taxes**

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provision in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

**Useful lives of property, plant and equipment ('PPE')**

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period.

The factors such as changes in the expected level of usage, number of shifts of production, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

Intangible assets, including Goodwill are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried



**PERFORMANCE CHEMISERVE LIMITED****CIN:- U24239PN2006PLC022101****Notes to the financial Statements for the year ended 31 March 2022**

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at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives.

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, including goodwill, the assessment of indefinite life is reviewed annually based on the expectancy and estimation of future economic benefits arising from it to determine whether it continues. If not, it is impaired or changed prospectively based on revised estimates.

**Litigations**

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the charge/ expense can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcomes and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions are made for the changes in facts and circumstances.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

**Impairment of financial assets**

The Company assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An assets recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an



**PERFORMANCE CHEMISERVE LIMITED****CIN:- U24239PN2006PLC022101****Notes to the financial Statements for the year ended 31 March 2022**

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appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators.

**(c) Revenue recognition**

Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers.

**Sale of goods:**

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

**Sale of services:**

Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

**Interest and dividend income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

**(d) Property, plant and equipment**

Items of property, plant and equipment including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bring the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized in the statement of profit or loss, as incurred. In respect of additions to/ deletions from fixed assets, depreciation is provided on a pro-rata basis with reference to the month of addition/ deletion of the assets. Freehold land is carried at historical cost.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013. As per requirements of the Companies Act, 2013 the Company has also identified significant components of assets and their useful life and depreciation charge is based on an internal technical evaluation. Estimated useful life adopted in respect of the following assets is different from the useful life prescribed in Schedule II of the Companies Act, 2013. These estimated lives are based on technical assessment made by technical expert and management estimates.





**PERFORMANCE CHEMISERVE LIMITED****CIN:- U24239PN2006PLC022101****Notes to the financial Statements for the year ended 31 March 2022**

Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Name of assets	Estimated useful life (in years)
Computers – Servers and Networks	3 – 6
End User Devices such as desktops and laptops	3 – 6
Plant and equipment	10

**(e) Intangible assets**

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Name of assets	Estimated useful life (in years)
Computers software	3 – 7

**(f) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, that necessarily takes a substantial period of time to get ready for its intended use, are capitalised as a part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Investment income earned on the temporary investment of specific borrowings is deducted from the borrowing costs eligible for capitalisation.

**(g) Foreign currency transactions and balances**

Transactions in foreign currency are recorded applying the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing rates prevailing on the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange differences arising on the settlement of monetary items, at rates different from those at which they were initially recorded, during the year or reported in previous financial statements, are recognized as income or expenses in the year in which they arise. Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/ loss and fair value gain/ loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowing cost and capitalized with cost of fixed assets.



**(h) Financial instruments**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Financial assets: Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

*Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

*Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Company may



**PERFORMANCE CHEMISERVE LIMITED****CIN:- U24239PN2006PLC022101****Notes to the financial Statements for the year ended 31 March 2022**

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elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Equity investments-instruments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Impairment of financial assets*

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when;

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

*Financial liabilities*



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Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

*Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Derivative financial instruments*

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company's lease asset classes primarily consist of lease or land. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



**PERFORMANCE CHEMISERVE LIMITED****CIN:- U24239PN2006PLC022101****Notes to the financial Statements for the year ended 31 March 2022**

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To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest on lease liability.

Lease contracts entered by the Company majorly pertain for land.

**(j) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursements.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.



**PERFORMANCE CHEMISERVE LIMITED**

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**Notes to the financial Statements for the year ended 31 March 2022**

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**(k) Employee benefit obligations**

Provision for un-availed leave benefits payable to employee as per the scheme of the company is made on actual basis. All assumptions are reviewed at each reporting period.

**(l) Derivative financial instruments**

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship which is designated.

Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts accumulated in equity are reclassified to the statement of profit and loss in the periods in which the hedged item affects the profit or loss (for example, when the interest expenditure is recorded).

Derivatives that are not designated as hedges: The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges for accounting purpose. Such derivative contracts are accounted for at each reporting date at fair value through the statement of profit and loss.

**(m) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**(n) Income taxes**

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets on deductible temporary differences, the carry forward of unused tax credits and any unused tax losses are recognized to the extent that there is reasonably certainty that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits





**PERFORMANCE CHEMISERVE LIMITED****CIN:- U24239PN2006PLC022101****Notes to the financial Statements for the year ended 31 March 2022**

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and tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become reasonably certain that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset or liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**(o) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(p) Recent Pronouncements and note on COVID-19****Recent Accounting Pronouncements**

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

- **Ind AS 16, "Property, Plant and Equipment"**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

- **Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"**

The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing



**PERFORMANCE CHEMISERVE LIMITED**

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**Notes to the financial Statements for the year ended 31 March 2022**

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whether a contract is onerous. The Company does not expect the amendment to have any significant impact in its financial statements.

▪ **Ind AS 101, "First-time Adoption of Indian Accounting Standards"**

The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

▪ **Ind AS 103, "Business Combination"**

The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:

- substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.

- add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

- add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109, "Financial Instruments"**

The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Covid-19 impact analysis**

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition, impact on leases and impact on effectiveness of its hedges.

The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.





**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 3: Property, Plant and Equipment**

	Freehold Land	Leasehold Land	Plant and Equipment	Computers	Total
<b>Gross carrying amount as at 1 April 2020</b>	12,917	-	68	1	12,986
Transferred to Right to Use of an Asset (on account of lease arrangement) - Refer Note 4	(8,808)	-	-	-	(8,808)
Additions	4,068	-	-	-	4,068
<b>Gross carrying amount as at 31 March 2021</b>	8,177	-	68	1	8,246
<b>Accumulated depreciation as at 1 April 2020</b>	-	-	59	-	59
Opening accumulated depreciation	-	-	59	-	59
Depreciation charge during the year	-	-	6	-	6
<b>Accumulated depreciation as at 31 March 2021</b>	-	-	65	-	65
<b>Net carrying amount as at 31 March 2021</b>	8,177	-	3	1	8,181
<b>Gross carrying amount as at 1 April 2021</b>	8,177	-	68	1	8,246
Transferred to Right to Use of an Asset (on account of lease arrangement) - Refer Note 4	(6,978)	-	-	-	(6,978)
Additions	1,112	-	11	-	1,123
<b>Gross carrying amount as at 31 Mar 2022</b>	2,311	-	79	1	2,391
<b>Accumulated depreciation as at 1 April 2021</b>	-	-	65	-	65
Opening accumulated depreciation	-	-	65	-	65
Depreciation charge during the year	-	-	2	-	2
<b>Accumulated depreciation as at 31 Mar 2022</b>	-	-	67	-	67
<b>Net carrying amount as at 31 Mar 2022</b>	2,311	-	12	1	2,324

**Note 4: Right of Use Assets**

Particulars	Leasehold land	Total
<b>Balance as at 1 April 2020</b>	2,416	2,416
Additions	8,808	8,808
Deletions	-	-
Amortisation	(37)	(37)
<b>Balance as at 31 March 2021</b>	11,187	11,187
<b>Balance as at 1 April 2021</b>	11,187	11,187
Additions	7,569	7,569
Deletions	-	-
Amortisation	-	-
<b>Balance as at 31 Mar 2022</b>	18,756	18,756

Amortisation expense on right of use assets is included under depreciation and amortisation expense in the statement of Profit and Loss.




**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 5: Capital work-in-progress**

	31 March 2022	31 March 2021
Projects*	1,93,881	1,22,048
Others	16	-
<b>Net carrying amount</b>	<b>1,93,897</b>	<b>1,22,048</b>

\*Includes borrowing cost of Rs. 45,054 Lakhs (31 March 2021 Rs. 30,138 Lakhs)

**(a) Ageing schedule Capital-work-in progress:**

CWIP	As on 31 March 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
<b>Projects in progress</b>					
Ammonia project	71,832	21,260	57,211	43,578	1,93,881
Others	16	-	-	-	16
<b>Projects temporarily suspended</b>	-	-	-	-	-

CWIP	As on 31 March 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
<b>Projects in progress</b>					
Ammonia project	21,294	57,176	27,475	16,103	1,22,048
<b>Projects temporarily suspended</b>	-	-	-	-	-

**(b) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan:**

CWIP	As on 31 March 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Others	16	-	-	-	16
Ammonia project	-	1,93,881	-	-	1,93,881

CWIP	As on 31 March 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Ammonia project	-	-	1,22,048	-	1,22,048

**Note 6: Intangible Assets**

	Computer Software	Total
<b>Cost as on 1 April 2020</b>	<b>45</b>	<b>45</b>
Additions	-	-
<b>Gross carrying amount as at 31 March 2021</b>	<b>45</b>	<b>45</b>
Additions	-	-
<b>Gross carrying amount as at 1 April 2021</b>	<b>45</b>	<b>45</b>
<b>Accumulated depreciation as at 1 April 2020</b>	<b>4</b>	<b>4</b>
Amortisation charge for the year	6	6
<b>Accumulated depreciation as at 31 March 2021</b>	<b>11</b>	<b>11</b>
Amortisation charge for the year	6	6
<b>Accumulated depreciation as at 31 March 2022</b>	<b>17</b>	<b>17</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>28</b>	<b>28</b>
<b>Net carrying amount as at 31 March 2021</b>	<b>34</b>	<b>34</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

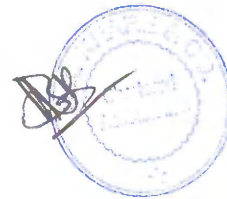
(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 7: Deferred Tax Assets (Net)****Movement during the year ended 31 March 2022:**

	1 April 2021	Credit/(Charge) in the statement of Profit and Loss	Credit/(Charge) in the statement of Other Comprehensive Income	31 March 2022
Property, plant and equipment	(3)	-	-	(3)
Financial assets at fair value through profit or loss	(54)	88	-	34
<b>Net deferred tax assets/(liabilities)</b>	<b>(57)</b>	<b>88</b>	<b>-</b>	<b>31</b>

**Movement during the year ended 31 March 2021:**

	1 April 2020	Credit/(Charge) in the statement of Profit and Loss	Credit/(Charge) in the statement of Other Comprehensive Income	31 March 2021
Property, plant and equipment	(3)	-	-	(3)
Financial assets at fair value through profit or loss	39	(93)	-	(54)
<b>Net deferred tax assets/(liabilities)</b>	<b>36</b>	<b>(93)</b>	<b>-</b>	<b>(57)</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 8: Other Non-Current Assets**

	31 March 2022	31 March 2021
Capital advances	3,634	2,989
Balances with government authorities	27,008	15,158
Prepaid expenses	120	-
<b>Total</b>	<b>30,762</b>	<b>18,147</b>

**Note 9: Current Investments**

	31 March 2022	31 March 2021
Investment in mutual funds (carried at fair value through profit and loss)	3,590	487
<b>Total</b>	<b>3,590</b>	<b>487</b>

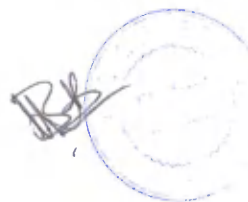
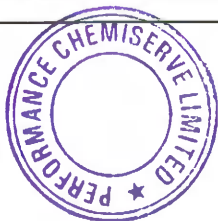
**Note 10: Trade Receivables**

	31 March 2022	31 March 2021
Considered good - Secured	-	-
Considered good - Unsecured	108	229
Receivables which have significant increase in credit risk	-	-
Less: Credit Impaired	-	-
<b>Total</b>	<b>108</b>	<b>229</b>

**Trade Receivables ageing schedule**

Particulars	Outstanding for following periods from due date of payment as on 31st March 2022					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	108	-	-	-	-	108
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108</b>

Particulars	Outstanding for following periods from due date of payment as on 31st March 2021					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	132	97	-	-	-	229
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>132</b>	<b>97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 11: Cash and Cash Equivalents**

	31 March 2022	31 March 2021
Balances with banks		
- in current accounts	4,879	141
- in deposits with original maturity up to three months	150	2,707
<b>Total</b>	<b>5,029</b>	<b>2,848</b>

**Note 12: Other Bank Balances**

	31 March 2022	31 March 2021
Deposits with maturity more than three months and up to twelve months	11,320	990
<b>Total</b>	<b>11,320</b>	<b>990</b>

**Note 13: Other Financial Assets**

	31 March 2022		31 March 2021	
	Current	Non Current	Current	Non Current
<b>(i) Derivatives</b>				
Foreign currency forward contracts	17	-	-	-
<b>(ii) Others</b>				
Interest receivable	60	-	11	-
Security deposit	714	-	-	-
Financial Guarantee Asset	507	2,276	729	1,420
<b>Total</b>	<b>1,298</b>	<b>2,276</b>	<b>740</b>	<b>1,420</b>

**Note 14: Other Current Assets**

	31 March 2022	31 March 2021
Advances to suppliers*	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\*Less than Rs. 50,000



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 15: Share Capital**

	31 March 2022	31 March 2021
<b>Authorised</b>		
5,00,000 equity shares of Rs. 10 each	50	50
(31 March 2021 : 5,00,000 equity shares of Rs. 10 each)	50	50
<b>Issued, subscribed and fully paid-up share capital</b>		
96,686 equity shares of Rs. 10 each	10	7
(31 March 2021 : 96,686 equity shares of Rs 10 each)		
Increase during the year - Issued	6	3
(FY- 2021-22, 66,565 Equity Shares of Rs.10 each)		
163,251 equity shares of Rs. 10 each	16	10
(31 March 2021 : 96,686 equity shares of Rs 10 each)		

**(i) Reconciliation of the number of Equity Shares**

	31 March 2022		31 March 2021	
Equity Shares	No of Shares	Amount	No of Shares	Amount
Balance as at the beginning of the year	96,686	10	74,681	7
Add: Issued during the year	66,565	6	22,005	3
<b>Balance as at the end of the year</b>	<b>1,63,251</b>	<b>16</b>	<b>96,686</b>	<b>10</b>

**Terms and rights attached to equity shares**

The Company has only one class of issue Equity Shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per Share.

In the event of liquidation of the company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to their shareholding.

**(ii) Details of shareholders holding more than 5% shares in the company**

	31 March 2022		31 March 2021	
	Number of shares	% Holding	Number of shares	% Holding
Smartchem Technologies Limited	1,52,526	93.43%	85,961	88.91%
Robust Marketing Services Private Limited	10,725	6.57%	10,725	11.09%

**(ii) Disclosure of Shareholding of Promoters**

Shares held by promoters at the end of the year			% of Change during the year
Promoter Name	No's of Shares	% of Total Shares	
Class of Shares : Equity shares of Rs. 10 each			
(1) Smartchem Technologies Limited	1,52,519	93.43%	4.523%
(2) Robust Marketing Services Private Limited	10,725	6.57%	-4.523%



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 16: Other Equity**

**Nature and purpose of other equity**

(a) **Securities premium:** The amount received in excess of face value of the equity shares is recognised in securities premium.

(b) **General reserve:** This represents appropriation of profits by the company and is available for distribution of dividend.

(c) **Retained earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(d) **Fair value of financial guarantee:** The Holding Company has provided the guarantee for the funds raised by the Company for which guarantee commission is neither planned nor likely to be settled in near future and accordingly, fair value of the guarantee commission is recorded as a component of equity.





Note 17: Non-Current Borrowings

	Maturity date	Terms of repayment	Interest rate	31 March 2022	31 March 2021
<b>Term loans</b>					
Bank of Baroda	31 December 2036	Repayable in quarterly instalment starting from March 2023	9.90% per annum	77,104	68,694
Exim Bank	31 December 2036	Repayable in quarterly instalment starting from March 2023	9.90% per annum	34,292	18,215
<b>Total</b>				<b>1,11,396</b>	<b>86,909</b>

The term loan from Bank of Baroda and Exim Bank has been availed for financing of Ammonia Project at Taloja. The term loan is secured by first charge by way of hypothecation in favour of all lenders of movable assets, immovable properties, and all the intangible assets in relation to the project, both present and future.



**Note 18: Trade Payables**

	31 March 2022	31 March 2021
Trade Payables		
(a) Due to micro and small enterprises	98	4
(b) Due to others	155	36
<b>Total</b>	<b>253</b>	<b>40</b>

**Dues to Micro and Small Enterprises**

	31 March 2022	31 March 2021
Principal amount due at year end	98	4
Interest provided but not paid at year end on above	-	-
Interest due on principal amount already paid	-	-
Delayed Principal amount paid during the year	-	-
Interest paid on delayed principal payment	-	-

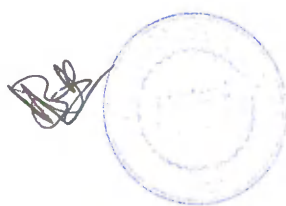
**Trade Payables aging schedule**

Particulars	As on 31 March 2022 - Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	96	-	2	-	98
(ii) Others	153	2	-	-	155
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>249</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>253</b>

Particulars	As on 31 March 2021 - Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	4	-	-	-	4
(ii) Others	35	1	-	-	36
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>39</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>40</b>

**Note 19: Other Financial Liabilities**

	31 March 2022	31 March 2021
Interest accrued	23	27
Security deposits	13	3
Capital creditors	15,437	9,322
Foreign-exchange forward contracts	-	1
<b>Total</b>	<b>15,473</b>	<b>9,353</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 20: Deferred Tax Liabilities (Net)****Movement during the year ended 31 March 2022:**

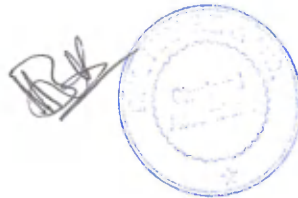
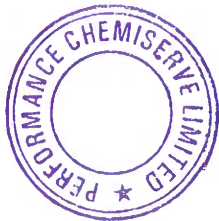
	1 April 2021	Credit/(Charge) in the Statement of Profit and Loss	Credit/(Charge) in the Statement of Other Comprehensive Income	31 March 2022
Property, plant and equipment	(3)	-	-	(3)
Financial assets at fair value through profit or loss	(54)	88	-	34
<b>Net deferred tax liabilities</b>	<b>(57)</b>	<b>88</b>	<b>-</b>	<b>31</b>

**Movement during the year ended 31 March 2021:**

	1 April 2020	Credit/(Charge) in the statement of Profit and Loss	Credit/(Charge) in the statement of Other Comprehensive Income	31 March 2021
Property, plant and equipment	(3)	-	-	(3)
Financial assets at fair value through profit or loss	39	(93)	-	(54)
<b>Net deferred tax assets/(liabilities)</b>	<b>36</b>	<b>(93)</b>	<b>-</b>	<b>(57)</b>

**Note 21: Other Current Liabilities**

	31 March 2022	31 March 2021
Statutory dues payable	411	63
Other payables	11	-
<b>Total</b>	<b>422</b>	<b>63</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

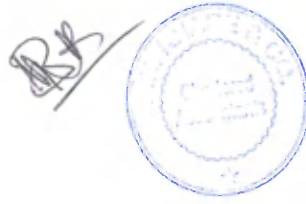
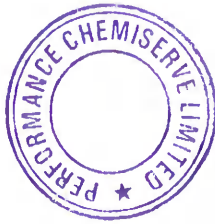
(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 22: Revenue From Operations**

	31 March 2022	31 March 2021
Income from operations - Drumming services	470	313
<b>Total</b>	<b>470</b>	<b>313</b>

**Note 23: Other Income**

	31 March 2022	31 March 2021
Interest income	226	125
Net gain on sale of investments	315	22
Foreign exchange fluctuations (net)	-	80
<b>Total</b>	<b>541</b>	<b>227</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 24: Employee Benefits Expense**

	31 March 2022	31 March 2021
Salaries, wages and bonus	27	14
<b>Total</b>	<b>27</b>	<b>14</b>

**Note 25: Finance Costs**

	31 March 2022	31 March 2021
Interest and finance charges on financial liabilities not at fair value through profit or loss	14,915	9,833
Interest others	2	-
	14,917	9,833
Less: Amount capitalised	14,915	9,833
<b>Finance costs expensed in statement of profit and loss</b>	<b>2</b>	<b>-</b>

**Note 26: Depreciation and Amortisation Expense**

	31 March 2022	31 March 2021
Depreciation of property, plant and equipment	2	43
Amortisation of intangible assets	6	6
<b>Total</b>	<b>8</b>	<b>49</b>

**Note 27: Other Expenses**

	31 March 2022	31 March 2021
Power, fuel and water	4	2
Material handling charges	12	6
Repairs to :		
- Plant and machinery	7	-
- Others	12	-
Rent	5	-
Rates, taxes and duties	4	4
Directors' fees	21	17
Foreign exchange fluctuations (Net)	146	-
Legal and professional fees	16	26
Expenditure towards corporate social responsibility [Refer Note 27(a) below]	6	5
Payments to auditors [Refer Note 27(b) below]	5	5
<b>Total</b>	<b>238</b>	<b>65</b>



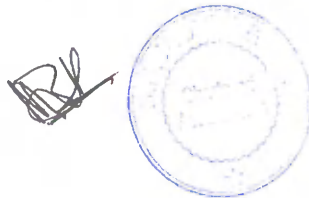
**Note 27(a): Expenditure towards corporate social responsibility**

	31 March 2022	31 March 2021
Ishanya Foundation	6	5
<b>Total</b>	<b>6</b>	<b>5</b>
Amount required to be spent as per Section 135 of the Act	6	5
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	6	5
(iii) shortfall at the end of the year,	-	-
(iv) total of previous years shortfall,	-	-
(v) reason for shortfall,	Not Applicable	Not Applicable
(vi) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	Ishanya Foundation	Ishanya Foundation
(vii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Not Applicable	Not Applicable

**Note 27(b): Details of Payments to Auditors**

	31 March 2022	31 March 2021
<b>As auditor:</b>		
Audit fees	3	3
Tax audit fees*	-	-
Limited review fees	2	2
<b>In other capacities</b>		
Re-imbursement of expenses	-	-
<b>Total</b>	<b>5</b>	<b>5</b>

\*Rs. 50,000



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 28: Fair Value Measurements**

**Financial Instruments by Category**

	31 March 2022			31 March 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Mutual funds	3,590	-	-	487	-	-
Trade receivables	-	-	108	-	-	229
Cash and cash equivalents	-	-	5,029	-	-	2,848
Other bank balances	-	-	11,320	-	-	990
Interest receivable	-	-	60	-	-	11
Foreign exchange forward contracts/options	17	-	-	-	-	-
Security deposits	-	-	714	-	-	-
Other financial assets	-	-	2,783	-	-	2,149
<b>Total financial assets</b>	<b>3,607</b>	<b>-</b>	<b>20,014</b>	<b>487</b>	<b>-</b>	<b>6,227</b>
<b>Financial liabilities</b>						
Borrowings	-	-	1,11,396	-	-	86,909
Trade payables	-	-	253	-	-	40
Other financial liabilities	-	-	-	-	-	-
-Capital creditors	-	-	15,437	-	-	9,322
-Interest accrued	-	-	23	-	-	27
-Security deposit	-	-	13	-	-	3
-Foreign exchange forward contracts/options	-	-	-	1	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,27,122</b>	<b>1</b>	<b>-</b>	<b>96,301</b>

**(i) Fair Value Hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities that are measured at fair value or where fair value disclosure is required:

Financial assets and liabilities measured at fair value	31 March 2022				31 March 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Investments at FVPL</b>								
Mutual funds - Growth plan	3,590	-	-	3,590	487	-	-	487
<b>Derivatives not designated as hedges</b>								
Foreign exchange forward contracts/options	-	17	-	17	-	-	-	-
<b>Total financial assets</b>	<b>3,590</b>	<b>17</b>	<b>-</b>	<b>3,607</b>	<b>487</b>	<b>-</b>	<b>-</b>	<b>487</b>
<b>Financial liabilities</b>								
Foreign exchange forward contracts/options	-	-	-	-	-	1	-	1
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

**(ii) Valuation process to determine fair value**

The following methods and assumptions were used to estimate the fair values of financial instruments:

(a) The carrying amounts of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

(b) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The fair value of derivative financial instruments is based on observable market inputs including currency spot and forward rate, yield curves, currency volatility, interest rate curves and use of appropriate valuation models.





**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 29: Financial Risk Management****Risk Management Framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through three layers of defence namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversee the formulation and implementation of the risk management policies. The risk are identified at business unit level and mitigation plans are identified, deliberated and reviewed at appropriate forums.

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments.

The carrying amount of financial assets represents the maximum credit risk exposure.

**Trade receivables and other financial assets**

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy.

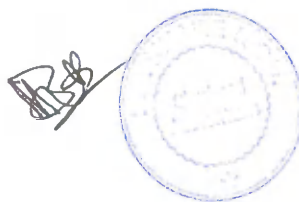
In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

**Expected credit loss for trade receivables:**

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The expected credit loss as at 31 March 2022 is - Nil (31 March 2021: Nil).

**Expected credit loss on financial assets other than trade receivables:**

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and hence the risk of default is negligible and accordingly, no provision for excepted credit loss has been made on these financial assets.



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**(ii) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2022	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings	1,11,396	-	22,279	89,117	1,11,396
Trade payables	253	253	-	-	253
Interest accrued	23	23	-	-	23
Security deposits	13	13	-	-	13
Other financial liabilities	12,436	12,436	-	-	12,436
<b>Total non-derivative liabilities</b>	<b>1,24,121</b>	<b>12,725</b>	<b>22,279</b>	<b>89,117</b>	<b>1,24,121</b>
<b>Derivatives financial liabilities</b>					
Foreign exchange forward contracts	-	-	-	-	-
Other financial liabilities	3,001	3,001	-	-	3,001
<b>Total derivative liabilities</b>	<b>3,001</b>	<b>3,001</b>	<b>-</b>	<b>-</b>	<b>3,001</b>

31 March 2021	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	86,909	-	24,170	62,739	86,909
Obligations under finance lease	-	-	-	-	-
Trade payables	40	40	-	-	40
Interest accrued	27	27	-	-	27
Security deposits	3	3	-	-	3
Other financial liabilities	3,144	3,144	-	-	3,144
<b>Total non-derivative liabilities</b>	<b>90,123</b>	<b>3,214</b>	<b>24,170</b>	<b>62,739</b>	<b>90,123</b>
<b>Derivatives financial liabilities</b>					
Foreign exchange contract used for hedging	1	1	-	-	1
Other financial liabilities	6,178	6,178	-	-	6,178
<b>Total derivative liabilities</b>	<b>6,179</b>	<b>6,179</b>	<b>-</b>	<b>-</b>	<b>6,179</b>



(iii) Market risk

Market risk is risk of changes in the market such as foreign exchange rates, interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company. The currency in which the Company is exposed to risk is USD.

The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, by entering into forward contracts.

Exposure to currency risk

(a) The Company's exposure to foreign currency risk at the end of the reporting period is presented in Note 33.

(b) The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and forward contracts.

Foreign currency balances outstanding

	USD in lakhs	USD in lakhs
	31-03-2022	31-03-2021
<b>Liabilities</b>		
Creditors	42	49
<b>Net Payable as on 31 March 2022</b>	42	-
<b>Net Payable as on 31 March 2021</b>	-	49

	Impact on profit after tax	Impact on profit after tax
	31 March 2022	31 March 2021
<b>USD sensitivity</b>		
R/USD -appreciated by 1%	24	27
R/USD -depreciated by 1%	(24)	(27)



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows. The following table provides a break-up of the company's fixed and floating rate borrowings:

	31 March 2022	31 March 2021
Variable rate	1,11,396	86,909
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>1,11,396</b>	<b>86,909</b>

**Sensitivity**

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's capital work in progress for the year ended 31 March 2022 would decrease / increase by Rs. 557 lakhs (for the year ended 31 March 2021: decrease / increase by Rs. 435 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**Note 30: Capital Management****Risk Management**

The company's objectives when managing capital are to: safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances) and divided by Total 'equity' (as shown in the Balance Sheet).

The gearing ratios were as follows:

	31 March 2022	31 March 2021
Net debt (net of cash and cash equivalents)	95,047	83,071
Total equity	1,41,924	69,979
<b>Net debt to equity ratio</b>	<b>0.67</b>	<b>1.19</b>



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

**Note: 31(a) Names of the Related Parties and Relationships**

**A. Holding Company**

Smartchem Technologies Limited

**B. Ultimate Holding Company**

Deepak Fertilisers and Petrochemicals Corporation Limited

**C. Fellow subsidiaries**

Platinum Blasting Services Pty Limited

Mahadhan Farm Technologies Private Limited

**D. Key Management Personnel**

**1 Non-executive directors**

Mr Sailesh C. Mehta

Mrs Parul Sailesh Mehta

Mr Ashok P. Shah

Mr M. P. Shinde

**2 Non-executive independent directors**

Mr S. R. Wadhwa

Mr U. P. Jhaveri

Mr R. Sriraman

Mr Partha Bhattachararya

**3 Chief Financial Officer**

Mr Upendra Patro\*\*

**4 Company Secretary**

Mr Pankaj Gupta \*\*\*

**E. Entities over which Key Managerial Personnel are able to exercise significant influence**

1 Robust Marketing Services Private Limited

2 Nova Synthetic Limited

3 The Lakaki Works Private Limited

4 High Tide Investments Private Limited

5 Deepak Asset Reconstruction Private Limited

6 Ishanya Foundation

7 Deepak Foundation

8 Priyank Mercantile Limited

9 Deepak Agro Solutions Limited

10 Peerless General Finance and Investment Company Limited

11 Deepak Mining Services Private Limited

**F. Relatives of Key Management Personnel**

1 Mr Yeshil Mehta

2 Ms Rajvee Mehta

3 Mr C. K. Mehta

4 Mr Ajay Chimanlal Mehta

5 Mr Deepak Chimanlal Mehta

**G. Entities over which relatives of key management personnel are able to exercise significant influence**

1 Deepak Nitrite Limited

2 Deepak Phenolics Limited

3 Sofotel Infra Private Limited

4 Blue Shell Investments Private Limited

5 Storewell Credits and Capital Private Limited

\*\* Mr. Upendra Patro is also Executive Vice President of the Ultimate Holding Company.

\*\*\* Mr. Pankaj Gupta is also Company Secretary of the Holding Company.



**Performance Chemiserve Limited**

Notes to the financial statements for the year ended 31 March 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 31(b): Related Party Transactions**

Sr. No.	Nature of Transactions	31 March 2022			31 March 2021		
		Ultimate Holding Entity	Key Management Personnel	Total	Ultimate Holding Entity	Key Management Personnel	Total
1	<b>Rendering of services</b> Deepak Fertilisers and Petrochemicals Corporation Limited	470	-	470	313	-	313
2	<b>Receiving of services/reimbursement of expenses</b> Deepak Fertilisers and Petrochemicals Corporation Limited	(448)	-	(448)	(356)	-	(356)
3	<b>Sitting fees paid to non executive directors</b>	-	(21)	(21)	-	(17)	(17)
4	<b>Amount outstanding</b> <b>Trade receivables/(Trade Payables)</b> Deepak Fertilisers and Petrochemicals Corporation Limited	(1,039)	-	(1,039)	(399)	-	(399)

Note: Figures in bracket are outflows

**Note 32(a): Contingent Liabilities**

Sr. No.	Particulars	31 March 2022	31 March 2021
1	Income tax matter	78	78
2	Goods and Services Tax appeal matter	15	-

**Note 32(b): Capital Commitments**

Sr. No.	Particulars	31 March 2022	31 March 2021
1	Commitments related to projects (net of advances)	97,525	1,19,903



**Performance Chemiserve Limited**

Notes to financial statements for the year ended March 31, 2022

(All Amounts in ₹ Lakhs unless otherwise stated)

**Note 33: Foreign Currency Balances Outstanding**

	31 March 2022		31 March 2021	
	Amount in Foreign Currency Lakhs	Equivalent amount in Rs. Lakhs	Amount in Foreign Currency Lakhs	Equivalent amount in Rs. Lakhs
Hedged Position				
Creditors in (USD)	42	3,256	49	3,583
<b>Total</b>	<b>42</b>	<b>3,256</b>	<b>49</b>	<b>3,583</b>

Particulars	31 March 2022		31 March 2021	
	Amount in Foreign Currency Lakhs	Equivalent amount in Rs. Lakhs	Amount in Foreign Currency Lakhs	Equivalent amount in Rs. Lakhs
Forward contracts - USD	-	-	-	-
Option Contracts - USD	38	2,875	51	3,729
Forward contracts - JPY	-	-	549	363
<b>Total</b>	<b>38</b>	<b>2,875</b>	<b>600</b>	<b>4,092</b>

The Company has chosen not to designate the foreign exchange forward contracts and options contracts as hedges under IND AS 109.

**Note 34: Income Taxes**

Components of Income Tax Expenses	31 March 2022	31 March 2021
<b>I. Income tax expense recognised in the statement of profit and loss</b>		
Current year	212	18
Charge/(credit) related to previous year (net)	64	-
<b>Total (A)</b>	<b>276</b>	<b>18</b>
Deferred tax (credit)/charge	(88)	93
<b>Total (B)</b>	<b>(88)</b>	<b>93</b>
<b>Total (A+B)</b>	<b>188</b>	<b>111</b>
<b>II. Tax on other comprehensive income</b>	-	-
<b>Total</b>	-	-

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2022 and 31 March 2021

Particulars	31 March 2022	31 March 2021
Accounting profit before tax	736	412
<b>At India's statutory income tax rate of 25.17% (31 March 2020: 25.17%) (A)</b>	<b>185</b>	<b>104</b>
Effects of non-deductible business expenses	3	4
Others	-	3
<b>Total (B)</b>	<b>3</b>	<b>7</b>
<b>Income Tax expense reported in the statement of profit or loss (A+B)</b>	<b>188</b>	<b>111</b>





Note 36: Ratios

Particulars	Current Year	Previous Year	Items included in numerator	Items included in denominator	Change in the ratio by more than 25% as compared to the preceding year	Explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year
(a) Current Ratio	1.32	0.56	Total current assets	Total current liabilities	136.10	Increase in FDs and increase in bank balance
(b) Debt-Equity Ratio	0.78	1.24	Total Debt (Long Term Borrowings, Short Term Borrowings and Lease liabilities)	Shareholder's Equity (Share capital and Other Equity)	(36.80)	Equity infusion during year - Rs. 70000 lakhs
(c) Debt Service Coverage Ratio	0.04	0.04	Earnings available for Debt Service (Net profit after tax + Non cash operating expenses + interest + other non cash adjustments)	Debt Service = Interest and lease payments + Principal repayments	4.96	NA
(d) Return on Equity Ratio	0.52	0.52	Profit after tax for the current year less preference dividend (if any)	Average Shareholder's Equity	(1.25)	NA
(e) Inventory turnover ratio	NA	NA	Cost of goods sold	Average inventory	NA	NA
(f) Trade Receivables turnover ratio	2.79	1.07	Revenue from operations	Average trade receivables	161.11	Receivables have improved and only last two bills were outstanding as on 31 March 2022
(g) Trade payables turnover ratio	3.21	12.04	Revenue from operations	Average trade payables	(73.34)	31 Mar 2022 closing bills not due yet
(h) Net capital turnover ratio	0.91	(0.09)	Revenue from operations	Working Capital = Current Assets - Current Liabilities	(1,111.11)	Improvement in working capital by increase in FDs and turnover increase by 50% due to second shift in operations since Sep 21 and full demand fulfilment of DFPCL.
(i) Net profit ratio	116.58%	96.17%	Profit after tax for the current year	Revenue from operations	21.23	NA
(j) Return on Capital employed	0.29%	0.26%	Profit before tax and finance costs	Tangible Net worth + Total Debt + Deferred tax liability	10.95	NA
(k) Return on investment	15.45%	2.94%	Income generated from investment funds	Average invested funds in treasury investments	426.09	Equity infusion during year - Rs. 70000 lakhs out of which spare money is temporary parked in Mutual funds and as per the requirement for project outflow, redemption is taken place.

Note: Disclosures related to Benami Property held, Wilful Defaulter, Relationship with Struck off Companies, Registration of charges or satisfaction with Registrar of Companies (ROC), Compliance with number of layers of companies, Compliance with approved Scheme(s) of Arrangements and Details of Crypto Currency or Virtual Currency are not applicable for the year ended 31 March 2022



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**Note 35: Earnings per Share**

Basic Earnings per Share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earnings per Share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. There are no dilutive potential equity shares and accordingly, Basic Earnings per Share and Diluted Earnings per Share are the same. Earnings per Share has been calculated as under:


Particulars	31 March 2022	31 March 2021
Profit after tax for calculation of Basic and Diluted Earnings per Share (Rs. Lakhs)	548	301
Weighted average number of equity shares (Face Value per share Rs. 10)	1,33,581	85,191
Basic Earnings per Share (in Rs.)	410.18	353.32
Diluted Earnings per Share (in Rs.)	410.18	353.32

**Note 36: Ratios** - Refer separate sheet.

**Note 37:** The Company is in the business of drumming chemical, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.

As per our report of even date attached


For **B. K. Khare & Co.**  
Chartered Accountants  
Firm Registration No. 105102W

  
**Himanshu Goradia**  
Partner  
Membership No. 045668




Place: Mumbai  
Date: 24 May 2022

For and on behalf of the Board of Directors of  
**Performance Chemiserve Limited**

  
**S. C. Mehta**  
Chairman  
DIN:00128204

  
**Upendra Patro**  
Chief Financial Officer

  
**Ashok Shah**  
Director  
DIN:00196506

  
**Pankaj Gupta**  
Company Secretary  
Membership No: F-9219

Place: Pune  
Date: 24 May 2022

